

Message Text

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SUBJECT: JOINT U.S.-POLISH TRADE COMMISSION, THIRD

SESSION: JOINT VENTURES

REF: WARSAW 4366

STATE PASS TREASURY FOR ACTION

VIENNA FOR EWTC

1. THE FOLLOWING INFORMATION IS PROVIDED AS BACKGROUND
FOR DISCUSSION OF JOINT VENTURES DURING THIRD
SESSION OF JOINT TRADE COMMISSION.

2. WE HAVE LEARNED FROM SOURCES AT MINISTRY OF FOREIGN
TRADE AND MINISTRY OF FINANCE THAT POLISH REGULATIONS
ON MIXED CAPITAL JOINT VENTURES, PREPARED CHIEFLY BY
MINISTRY OF FINANCE, ARE IN DRAFT FORM AND NOW ARE
UNDERGOING INTERMINISTERIAL REVIEW. PUBLICATION OF
REGULATIONS IS DEFINITELY EXPECTED BY END OF YEAR AND
MAY OCCUR IN SEPTEMBER OR OCTOBER. REGULATIONS WILL
PROVIDE GENERAL GUIDELINES FOR EQUITY INVESTMENT IN POLAND
BUT WILL BE BROAD ENOUGH TO PERMIT EACH VENTURE TO TAKE
ITS OWN APPROPRIATE FORM.

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3. WE UNDERSTAND THAT REGULATIONS WILL ASSURE POLISH MAJORITY CONTROL (51 PERCENT) IN ALL CASES. REGULATIONS WILL ALSO DESCRIBE MECHANISM FOR TRANSFER OF PROFITS OUT OF POLAND AND WILL OFFER GENERAL RULES FOR SHARING OF MANAGEMENT RESPONSIBILITIES. REGULATIONS ARE DESCRIBED AS "COMPATIBLE" WITH ROMANIAN AND HUNGARIAN SYSTEMS.

4. POLAND HAS FOR SOME TIME BEEN SEEKING WRITTEN JOINT VENTURE PROPOSALS FROM U.S. AND OTHER WESTERN FIRMS. COMPANIES HAVE BEEN NATURALLY RELUCTANT TO COMMIT THEMSELVES IN WRITING IN ABSENCE OF POLISH REGULATIONS ON THIS SUBJECT, BUT A MEMBER OF U.S. FIRMS HAVE EXPRESSED INTEREST IN POSSIBILITY OF EQUITY INVESTMENT IN POLAND, AND, IN SOME CASES OF WHICH EMBASSY IS AWARE, HAVE DISCUSSED THE SUBJECT IN FAIRLY DETAILED AND SPECIFIC TERMS. AMONG THE U.S. FIRMS WHICH EMBASSY KNOWS ARE INTERESTED ARE THE FOLLOWING:

DOW CHEMICAL (POLYSTYRENE PLANT)

TRANSAMERICA COMPUTER CORPORATION (REFURBISHING AND LEASING OF COMPUTERS AND PERIPHERALS)

MERCK AND COMPANY (PHARMACEUTICAL MANUFACTURING AND MARKETING)

TEXTRON (INDUSTRIAL FASTENERS)

GENERAL TIRE (AUTOMOTIVE TIRE MANUFACTURING)

GLEASON, INC. (HAND TOOL MANUFACTURING)

LITTON INDUSTRIES (HAND TOOL MANUFACTURING)

ANACONDA (COPPER MINING, SMELTING, AND PROCESSING)

SCIENTIFIC DESIGN (CHEMICAL PROCESSING)

FISHER CONTROLS COMPANY (INDUSTRIAL VALVES).

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AMONG THESE FIRMS, WE BELIEVE THAT DOW CHEMICAL MAY BE THE MOST ADVANCED IN ITS INTERNAL PLANNING AND IN ITS DISCUSSIONS WITH POLISH INDUSTRY AND GOVERNMENT.

5. ALTHOUGH PROMULGATION OF POLISH REGULATIONS PERMITTING MIXED CAPITAL JOINT VENTURES HAS NOT COME ABOUT AS QUICKLY AS SOME POLISH OFFICIALS THOUGHT EARLIER THIS YEAR, MINISTRY OF FOREIGN TRADE AND OTHER POLISH AUTHORITIES IN THE MEAN-

TIME HAVE CONTINUED TO ENCOURAGE US FIRMS TO EXPLORE JOINT
VENTURE ARRANGEMENTS WITH POTENTIAL POLISH PARTNERS IN
ANTICIPATION OF THE NEW REGULATIONS.
DAVIES

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